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RUEHLO/AMEMBASSY LONDON 3509
RUEHMO/AMEMBASSY MOSCOW 2019
RUEHKO/AMEMBASSY TOKYO 4902
RUEATRS/DEPT OF TREASURY WASHDC
RUEAIIA/CIA WASHDC
RUCNDT/USMISSION USUN NEW YORK 4553
RHEHNSC/NSC WASHDC
RUEIDN/DNI WASHINGTON DC
RHHMUNA/CDR USPACOM HONOLULU HI
RUEHGV/USMISSION GENEVA 6824
RUCPDO/DEPT OF COMMERCE WASHDC
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RHMFISS/HQ USSOCOM MACDILL AFB FL
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SUBJECT: G-8 SEEKING IMPROVED CT COOPERATION WITH INDIA

Classified By: PolCouns Ted Osius, Reason 1.5 (B,D)

11. (C) Summary: PolCouns attended a meeting of the G-8 Counter-Terrorism Action Group (CTAG) in New Delhi, which is now chaired by the German Political Counselor. The group attempts to coordinate G-8 efforts to partner with the Indian government against terrorism. The group discussed each country's individual efforts to improve India's counterterrorism cooperation, including the results of several country's Counter-Terrorism Joint Working Group meetings with the Ministry of External Affairs. Participants overall expressed frustration with India's lack of police and judicial capacity as well as the bureaucratic delays that prevent new counter-terrorism initiatives from moving forward. The group also analyzed recent terrorism developments in India, concluding that Naxalite violence is a growing, but largely overlooked, threat to the country's stability. Finally, Germany gave a presentation on India's efforts to combat terrorism financing and money laundering. End Summary.

Germany Takes the Lead

12. (C) Germany held its first meeting chairing the New Delhi G-8 Counter-Terrorism Action Group (CTAG) on April 23rd. The participants began with a short overview of each country's recent engagement with India on CT issues. Germany reported that the last meeting of the Indo-German Joint Working Group on Counter-Terrorism took place in April 2006, and the next meeting is envisaged for the end of 2007. German officials also commented that they had excellent relations with India's intelligence services.

Italy, Spain, Japan, the EU, and Australia

13. (C) The representative from Spain said that his country had opened its first intelligence office in New Delhi in September 2006, largely in response to Spain's efforts to increase its own counter-terrorism efforts after the Madrid

bombings in March 2006. The Japanese representative said his country had held 11 seminars with New Delhi on various topics related to countering terrorism, including immigration and export controls, to prevent terrorism finance. The European Union reported that Counter-Terrorism Coordinator Gijs de Vries visited India in October 2006, to build cooperation with India through both the UN and the EU, but that they were waiting for the appointment of a new CT Coordinator as de Vries has left his post. Australia held its Counter-Terrorism and Immigration Joint Working Group with India in February 2006, largely focusing on border control and biometrics issues, export controls, and financial intelligence. Australian officials hoped to hold a second round in 2007.

Canada -- Focusing on Mutual Efforts

14. (C) Canada held a one day workshop on informal financial remittance systems and terrorism on March 14, which largely focused on concern that Hawala channels were being used to finance terrorism. The country also hosted the Canada-India Joint Working Group on Counter-Terrorism in Ottawa on March 21 through 22, and although the working group was supposed to be annual, this was the first held in several years. The discussions focused on India and Canada's mutual interests in Afghanistan, since Canada has 2,500 troops based there. Canada's approach to India was to discuss its legal regime on a one-on-one basis with India, discussing its own efforts and exchanging views rather than telling India how it should modify its own legal framework.

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France -- A Good Intel Relationship

15. (S) France reported that there was good cooperation in substance between France and India, that its efforts with India's Research and Analysis Wing (RAW) had been operating quite well, especially on Pakistan, Afghanistan, and Bangladesh. He said there was a lot of concern about emerging threats in India's South. He said France was particularly interested in discussions of how to stem rising levels of Islamic fundamentalism both in India and in Europe.

United Kingdom - Facing an Overburdened Bureaucracy

16. (C) The UK reported that after Prime Ministers Singh and Blair met in London to discuss new joint CT efforts, the two countries had agreed to focus on common areas of concern, including safeguarding mass transit systems (mainly rail networks) and improving security for international games. While London prepares to host the 2012 Olympics, New Delhi is working toward hosting the 2010 Commonwealth Games. Unfortunately, UK officials were frustrated that India had yet to follow through on much of the promises made in the talks. After much work to analyze the problem, they realized it had more to do with snags in the bureaucracy -- with overworked Indian officials sometimes taking months to move their requests forward. While they believed they had reached to right people to resolve some of these issues, it remained to be seen if the cooperation would materialize.

Regional Terrorism Concerns

17. (C) Noting the type and level of terrorist attacks in recent months in India, participants said anecdotal evidence suggests that, in general, while terrorism in Jammu and Kashmir is falling, attacks in Naxalite controlled areas as well as in the Northeastern states were becoming a larger concern, especially in Assam and Manipur. German officials noted that the Naxalites are merging and becoming more organized, and that their weapons systems were becoming more

sophisticated. Referring to a publication from the Indian Ministry of Home Affairs Annual Report for 2006-2007 (page 143), German officials noted that there was a steady fall in infiltration into Indian Kashmir since 2001:

Year	Estimated Infiltration into J&K
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2001	2417
2002	504
2003	1373
2004	537
2005	597
2006	573

Terrorism Finance Overview

18. (C) Germany gave an overview of India's efforts to comply with international standards to combat terrorism financing and money laundering. While currently India has observer status in the Financial Action Task Force (FATF), India is trying to become a member and has a window of two years to adopt certain internationally mandated standards to curb terrorism financing and other financial crimes. India passed

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the Prevention of Money Laundering Act in July 2005 and has issued some anti-money laundering guidelines. In March 2006, the Financial Intelligence Unit (FIU) became operational to receive suspicious transaction reports from banks and work with the Reserve Bank of India to monitor financial criminal activity. Since February 2007, there have been 1.8 million cash transaction reports to the FIU, with 650 suspicious transactions reported. The FIU appears able to process and analyze these reports effectively. Overall though, India has many challenges ahead, including meeting the requirements and making legal changes to join the FATF and the Egmont Group, urging its many bureaucracies to work together, and beginning to tackle the steady stream of hawala remittances or other unregulated cash flows from the Gulf.

Comment: Frustrations Remain

19. (C) Comment: G-8 discussions of India's cooperation on terrorism continue to be dominated by expressions of frustration with India's famous go-it-alone outlook. Several countries, such as Canada, France, and the UK, have focused their programs on reciprocal or parallel problems at a bilateral level, hoping that this will bypass Indian concerns. Nearly all, however, note that India's efforts may be hampered more by a lack of bureaucratic capacity than an issue of political will. The creation of a new counter-terrorism cell in the MEA will ameliorate, but not resolve this systemic problem. End Comment.
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